GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:3287
ANSWERED ON:22.12.2008
CONTRACT FARMING
Barad Shri Jashubhai Dhanabhai;Suman Shri Ramji Lal

Will the Minister of AGRICULTURE be pleased to state:

(a) whether foreign companies are being given an opportunity to enter into contract farming in the country;

(b) if so,the details thereof;

(c) whether the Government has also permitted some persons/companies to undertake contract farming of wheat in Australia and its subsequent import to India;

(d) if so,the details thereof and the reasons therefor;

(e) whether the Government has made any assessment of its likely impact on the farmers of India;

(f) if so,the details and outcome thereof; and

(g) the steps taken by the Government to safeguard the interest of the domestic farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE(SHRI KANTI LAL BHURIA)

(a)&(b): With a view to promote contract farming as part of the reforms in Agriculture, the Central Government has circulated a Model Agricultural Produce Marketing (Regulation) Act to the States in 2003 which provides for the registration of contract farming sponsors and recording of contract farming agreements with the Agricultural Produce Marketing Committee (APMC) or a prescribed authority under the Act. By now, relevant provisions have been made by several State Governments/ UTs in their respective APMC Acts for providing a legal framework to contract farming. The Model Act circulated by the Ministry is suggestive in nature, and, since Agriculture is a State subject, it is for the State Governments to decide on the implementation of the contract farming arrangements in their State. Under the present system of contract farming prevalent in the country, the Indian and foreign companies enter into agreement of purchase of agricultural produce with the producers in informal way. A statement indicating the details of the companies engaged in contract farming in different States is given in the enclosed Annexure.

(c): No. Sir.

(d): Question does not arise.

(e): No. Sir.

(f): Question does not arise.

(g): In order to safeguard the interest of domestic farmers entering into contract farming arrangements, suitable provisions have been included in the Model APMC Act formulated by the Ministry of Agriculture in 2003 and circulated to the state Governments for considering suitable amendments in their concerned Act by adopting those provisions. The Model Act provides for registration of contract farming sponsors and recording of contract farming agreement with the Agricultural Produce Marketing Committee or a prescribed authority under the Act, protection of title or rights of the farmers over the land under such contracts, dispute settlement mechanism and a Model draft agreement suggesting various terms and conditions. By now, relevant provisions have been made by 18 States / Union Territories (UTs) in their respective APMC Acts for providing a legal framework to contract farming. In seven States / UTs, there is no APMC Acts, therefore, there is no regulation of contract farming in such States / UTs. The Model Act circulated by the Ministry is suggestive in nature and since agriculture is a State subject, it is for the State Governments to decide on the implementation of the contract farming arrangements in their States.